

# **Georgia Bank & Trust Company Of Augusta**

August 2, 2004

Ms. Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, N.W.,  
Washington, D.C. 20551

Via e-mail: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

Subject: [Regulation DD; Docket No. R-1197] Truth in Savings

We are pleased to respond to the Board of Governors' of the Federal Reserve System request for comment concerning the proposed changes to Federal Reserve Regulation DD.

Georgia Bank & Trust Co. of Augusta is a community bank of 700 + million and the Bank has been offering an automated overdraft program for over two years. We have found that our customer's like this service, use it to their advantage and as the program was designed: to avoid having a check returned to a creditor or merchant. Our service is offered to all consumers at the time of the account opening where disclosures are provided that explain the service and under what circumstances it will be activated. At the time of account opening the customer is asked if they wish to have the service and if not, are opted out. Additionally the disclosure given to all customers when they open an account describes how the customer may opt out of the service. The dollar limit for protection is assigned by product type and the customer is fully informed of how the service can provide the customer with the security that an occasional check that would normally be returned can be paid instead. The fee for this service is the same as it would be if the check were returned unpaid.

We are not opposed to the use of further disclosures however, we do not feel that disclosures under Truth in Lending and Regulation Z would be of more assistance to our customers than the disclosures provided under Truth in Savings and Regulation DD. Disclosures under TILA and Regulation Z would be more burdensome for the Bank.

## **Section 230.2 Definitions**

### 2(b) Advertisements

It is of a concern to us that the definition of advertisements appears to be intended to include any communication (other than required disclosures) as an advertisement for the purposes of this regulation. We have not done any "advertising" of this service. When a customer has opened an account eligible for the service the customer is given an opportunity to determine if they wish to have the service. We do make available brochures about the service in our account opening

packages and as pick ups in the lobbies of our offices. Once the deposit account is opened and the service is activated a letter is sent which essentially notifies the customer that the service has been activated. It would appear in a strict reading of the proposed regulation that this type of communication might be considered advertising. That is not the intent of our communications and we do not feel that this type of material should be considered advertising.

## **Section 230.4 Account Disclosures**

4(b) Content of Account Disclosures

4(b) (4) Fees

We are presently providing these disclosures and are not opposed to this change.

## **Section 230.6 Periodic Statement Disclosures**

6(a) General Rule

6(a) (3) Fees Imposed

Under the proposed change it appears that institutions that “market” this product are to be required to provide additional fee information on customers’ monthly statements. As we are unsure from the proposed language of the regulation what marketing is defined as, we are also unsure whether our institution would be included in this category of marketing this service. We have not marketed this service by placing ads, but we do make available brochures that describe the program.

However, if a fee is being charged for a service, regardless of whether an institution “markets” the product, then it would appear that customers would not receive a clear disclosure of the costs of a service when some financial institutions have the service and are not required to provide the additional disclosures as well. In the past most consumer regulations have focused on the ability of the customer to compare services by comparing costs. Under this proposal it would appear that the customer would not be able to compare such costs if only certain financial institutions are required to provide additional information about the costs. Assuming that clarity is one of the basic reasons for a required disclosure, then all financial institutions should be required to provide similar information about any such programs in a similar way.

Additionally this would place a financial burden on those institutions which are required to provide this information by either having to internally change computerized programs or by paying third party providers to customize computer programs. Routinely institutions are not charged extra fees for programming changes if disclosures are changed due to regulatory requirements that affect all similar institutions.

We are not opposed to disclosing any fees charged to our customers for any service we provide. At present we do not distinguish between insufficient fees incurred through the program or

incurred by customers that are not using the program or to whom the program is not available, whether the fee is charged to overdraw the account or is charged to return the item unpaid. The fee is described using the same name. The dollar amount is also the same for both. Again in order to distinguish between fees charged within the program and those that may be charged, but are not part of the program, will require changes in computer programming which would incur additional charges. It should be reiterated that if one financial institution is required to provide disclosures in a certain format, this requirement should apply to all financial institutions.

We are not opposed to providing some type of aggregate year to date fee information on customer's statements and agree that this information may be helpful to all of our customers. But again, if helpful to any customer would this information not be helpful to all, regardless of the reason incurred or whether incurred under some type of structured program where the financial institution provides the customer with a disclosed limit?

## **Section 230.8 Advertising**

### 8(a) Misleading or Inaccurate Advertisements

#### 8(a) (1)

We are not opposed to this section of the proposed changes. We do not now encourage or promote that our customers overdraw their accounts.

#### 8(a) (2)

We do not oppose this section. We do not advertise (market) the overdraft protection service beyond providing brochures about the service that are available in our new account packages and in our lobbies. We do have a free checking product, but do not advertise the availability of the overdraft protection in conjunction with our advertising for our free checking account product.

#### 8(f)

We are not opposed to additional disclosures in connection with advertisements for automated overdraft services, and as stated above do not presently advertise this service.

Thank you for the opportunity to provide you with input on this important issue.

Sincerely,

Regina Mobley

Group Vice President, Bank Operations